

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BOONESBORO WATER)
ASSOCIATION, INC. FOR AN ADJUSTMENT) CASE NO. 10249
OF RATES)

ORDER TO SHOW CAUSE

Boonesboro Water Association, Inc. ("Boonesboro"), a water association formed for the purpose of furnishing water and sewer service to the general public pursuant to KRS Chapter 273, is a public utility. KRS 278.012.

KRS 278.160(2) prohibits any public utility from charging, demanding, collecting, or receiving from any person a greater or lesser compensation for any service rendered than that prescribed in its filed rate schedules.

On May 10, 1988, Boonesboro applied to the Commission for approval of an adjustment of its water and sewer service rates. On March 27, 1989, the Commission authorized Boonesboro to make certain adjustments to its rates. Prior to its Order of March 27, 1989, the Commission had not approved any changes in Boonesboro's rate schedule nor had Boonesboro taken the actions required by KRS 278.180 and 278.190 to make its proposed rate changes effective.

Commission Staff has advised the Commission that between January 1989 and March 1989, Boonesboro charged rates for water and sewer services which differed from those listed in its filed rate schedule and which had not been approved by the Commission in

violation of KRS 278.160(2). Commission Staff discovered this violation while investigating an informal complaint against the utility. When Commission Staff questioned Boonesboro officials about Boonesboro's rates, these officials confirmed that Boonesboro had charged rates which differed from its filed rates since January 1989. An Affidavit detailing the Commission Staff investigation and its findings is attached hereto as Appendix A.


IT IS THEREFORE ORDERED:

1. Boonesboro shall submit within 15 days of the date of this Order a written response to the allegations contained in Appendix A. Boonesboro shall include in its response a plan for refunding any unauthorized amounts collected. Its response shall also include the names of all customers to whom improper rates were charged and the amount which that customer is to be refunded.

2. Boonesboro shall appear on May 16, 1989, at 10:00 a.m. Eastern Daylight Time, in the Commission's offices in Frankfort, Kentucky, for the purpose of showing cause, if any it can, why it should not be subject to the penalties of KRS 278.990 for its alleged violation of KRS 278.160.

Done at Frankfort, Kentucky, this 10th day of April, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 10249 DATED 4/10/89

A F F I D A V I T

The Affiant, Mary Beth Edwards, after being duly sworn, states as follows:

I am currently employed by the Public Service Commission of Kentucky as a consumer complaint investigator. I have been employed in this position since July 1, 1988. My principal duties are to mediate consumer-utility disputes and to investigate consumer complaints to determine if any state law or Commission regulation has been violated.

On March 1, 1989, the Commission's Consumer Services Branch received a telephone complaint from Jeanette Spicer, of 377 Killarney Drive, Winchester, Kentucky. Ms. Spicer, who receives both her water and sewer service from Boonesboro Water Association, complained that her sewer service rates had increased twice in the last two months. She stated that in January 1989 her sewer bill increased from \$11.25 to \$18.75. In February 1989, her sewer bill increased to \$20.75. She asked if any rate increase for the water association had been approved.

After speaking with Ms. Spicer on March 1, 1989, I immediately telephoned Ron Barker, manager of Boonesboro Water Association. Mr. Barker acknowledged that Boonesboro's rates had risen in January 1989 and again the following month, but he claimed that these increases had been approved by the Public Service Commission.

Following my telephone conversation with Mr. Barker, I spoke with Angela Martin and John Geoghegan, Commission Staff members assigned to Boonesboro Water Association's current rate adjustment case (Case No. 10249). Both stated that the Commission had not yet issued any order approving any change in Boonesboro's rates. A review of Commission records confirmed this fact. Both Ms. Martin and Mr. Geoghegan stated that the Commission Staff had issued a report and an amended report recommending the Commission approve the rates which Boonesboro was currently charging.

On March 2, I again telephoned Boonesboro Water Association. As Mr. Barker was unavailable, I spoke with an unidentified female employee of the utility. I informed her that the rates listed in the Commission Staff Report were only recommendations and that they had no legal effect. I advised her that the utility was presently charging unauthorized rates and should immediately revert to its filed rates. The employee responded that she would relay this information to Mr. Barker.

On March 22, 1989, I again telephoned Boonesboro Water Association and spoke with Mr. Barker. In response to my questions about the utility's rates, he stated that the utility had misinterpreted the Commission Staff reports and had mistakenly believed that the recommended rates could be immediately placed into effect. He further stated that any overcharges would be refunded, but he failed to explain when or how such refunds would be made.

Since my conversation with Mr. Barker, I have received Ms. Spicer's billing statements for the months from November 1988

through February 1989. These statements, a copy of which is attached hereto as Exhibit 1, confirm Ms. Spicer's statements. None of the rates at which Boonesboro Water Association billed for sewer service in January and February 1989 appeared in its filed tariff or were approved by the Public Service Commission. The billing statements further show that Boonesboro Water Association made no change in its rates for water service during this period. They also show that in March 1989 Boonesboro Water Association reverted back to its filed rates and began to credit any prior overcharges.

FURTHER THE AFFIANT SAITH NOT.


Mary Beth Edwards

Subscribed and sworn to before me by Mary Beth Edwards
this 4th day of April, 1989.


NOTARY PUBLIC
State-at-Large

My Commission expires: Nov 30, 1992

P. O. BOX 340 BOONESBORO WATER ASSOCIATION WINCHESTER KY 40391

P. O. BOX 340 BOONESBORO WATER ASSOCIATION WINCHESTER KY 40391

| ACCOUNT NO. | SERVICE FROM | SERVICE TO | DUE DATE | |
|----------------|--------------|------------|----------|------|
| 04-0230- | 11/15/88 | 12/19/88 | 01/05/89 | |
| METER READINGS | | | | |
| PREVIOUS | PRESENT | USED | AMOUNT | CODE |

| ACCOUNT NO. | SERVICE FROM | SERVICE TO | DUE DATE | |
|----------------|--------------|------------|----------|------|
| 04-0230- | 10/17/88 | 11/15/88 | 12/05/88 | |
| METER READINGS | | | | |
| PREVIOUS | PRESENT | USED | AMOUNT | CODE |

249.2 255.5 6.3 19.30 WT
 11.25 SWR

242.5 249.2 6.7 20.06 WT
 11.25 SWR
 PREVIOUS BALANCE: 34.09 AR

SCHOOL TAX 0.92 TX

SCHOOL TAX 0.94 TX

SERVICE AT:
 377 KILLARNEY DR.
 SEWER USERS

SERVICE AT:
 377 KILLARNEY DR.
 SEWER USERS

| | | AMOUNT DUE | AMOUNT PAID |
|--|--|------------|-------------|
| | | 34.55 | 31.47 |

| | | AMOUNT DUE | AMOUNT PAID |
|--|--|------------|-------------|
| | | 69.48 | 66.34 |

HAPPY HOLIDAYS!!!!

HAPPY THANKSGIVING!!!!

P. O. BOX 340 BOONESBORO WATER ASSOCIATION WINCHESTER KY 40391

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| ACCOUNT NO. | SERVICE FROM | SERVICE TO | DUE DATE | |
|----------------|--------------|------------|----------|------|
| 04-0230- | 01/15/89 | 02/15/89 | 03/05/89 | |
| METER READINGS | | | | |
| PREVIOUS | PRESENT | USED | AMOUNT | CODE |

| ACCOUNT NO. | SERVICE FROM | SERVICE TO | DUE DATE | |
|----------------|--------------|------------|----------|------|
| 04-0230- | 12/19/88 | 01/18/89 | 02/05/89 | |
| METER READINGS | | | | |
| PREVIOUS | PRESENT | USED | AMOUNT | CODE |

262.6 269.0 6.4 W 19.49 AT
 20.75 SWR

255.5 262.6 7.1 20.83 WT
 18.75 SWR

ESTIMATED SERVICES: W

SCHOOL TAX 1.00 TX

SCHOOL TAX 1.18 TX

SERVICE AT:
 377 KILLARNEY DR.
 SEWER USERS

SERVICE AT:
 377 KILLARNEY DR.
 SEWER USERS

| | | AMOUNT DUE | AMOUNT PAID |
|--|--|------------|-------------|
| | | 45.47 | 41.44 |

| | | AMOUNT DUE | AMOUNT PAID |
|--|--|------------|-------------|
| | | 44.72 | 40.76 |

A 10% LATE CHARGE IS ADDED TO ALL BILLS AFTER THE 15

P. O. BOX 340 BOONESBORO WATER ASSOCIATION WINCHESTER KY 40391

| ACCOUNT NO. | SERVICE FROM | SERVICE TO | DUE DATE | |
|----------------|--------------|------------|----------|------|
| 04-0230- | 02/15/89 | 03/14/89 | 04/05/89 | |
| METER READINGS | | | | |
| PREVIOUS | PRESENT | USED | AMOUNT | CODE |

269.0 274.0 5.0 19.49 WT
 11.25 SWR
 PREVIOUS BALANCE: -16.40 CR

*** ESTIMATION ADJUSTMENTS *** -2.78 ADJ
 SCHOOL TAX 0.92 TX

SERVICE AT:
 377 KILLARNEY DR.
 SEWER USERS

| | | AMOUNT DUE | AMOUNT PAID |
|--|--|------------|-------------|
| | | 14.16 | 12.48 |

Exhibit 1